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CHAPTER SEVEN  
COORDINATING HUMAN RESOURCE POLICY

As the preceeding chapters discussed, disparity in the personnel practices of the IC agencies is often a result of three factors: different missions, varied statutory authorities, and little coordination. Many of the panel's recommendations recognize the many differences among agency authorities and policies and recent change in these areas. Given these points, the panel believed that one of its most important tasks was to assess the extent of coordination on these issues within the Intelligence Community and whether agencies with similar missions yet independent personnel systems in different organizational settings would benefit from a more coordinated approach to personnel policy. This chapter reflects that assessment [REDACTED]

In looking at intelligence agency HRM in its broadest context, the panel examined a range of organizational options for inter-agency coordination. These ranged from individual agencies coordinating statutory change proposals to a stronger central role for coordinating statutory change proposals and deviations from major policies under existing authorities. [REDACTED]

**I. Congressional Concern on Lack of Coordination**

The congressional intelligence committees, who must address legislative proposals and conduct oversight, have been concerned that the lack of coordination has led to uneven compensation levels and other potential inequities. The committees believe this may be further reflected in an uncoordinated pattern of change -- termed "ratcheting" -- in which benefits one IC agency receives are then requested by another. They believe proposals for personnel policy change should be examined in terms of their comparative impact or usefulness for other intelligence agencies, and in terms of how they relate to Title 5 U.S.C. policies [REDACTED]

The breadth of congressional concern is reflected in the fact that this NAPA study was originally proposed by the House Permanent Select Committee on Intelligence (HPSCI) as the Commission on Intelligence Personnel Systems, with one member appointed by the president, another by the speaker of the House, and a third by the majority leader of the Senate. The House believed the Commission was necessary to: provide a comprehensive review of current programs; assess the need for changes, especially those required by the unique circumstances of intelligence activities; and present recommendations to Congress after considering the potential inequities the proposed changes would create either among intelligence agencies or between the IC and the federal Civil Service. [REDACTED]

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More recently, the HPSCI expressed its frustration in dealing with personnel and compensation proposals in the fiscal year 1989 authorization for the National Foreign Intelligence Program (NFIP). The committee expressed great concern that CIA personnel management and compensation systems could create inequities between CIA personnel and those in other intelligence agencies as well as with the federal Civil Service. The committee maintains that inequities should be avoided and differences established only when unique circumstances of intelligence activities warrant such action. Further, the committees believe major personnel changes should not be implemented without fully evaluating the impact such changes would have on other agencies and whether they may need the same changes. [REDACTED]

The Senate Select Committee on Intelligence (SSCI) has undertaken efforts to define for itself the varying personnel approaches within the IC. It reviewed IC personnel management, with work done in part by staff borrowed from the General Accounting Office, and prepared extensive background information on several of the agencies. As the review process neared the report writing stage, SSCI staff began working on the Iran Contra investigation, and were not able to complete it. Given the similar scope of the NAPA study, the SSCI has deferred completing its own review pending the outcome of this study. [REDACTED]

## II. Framework for Coordination

In the executive branch, OPM acts as the umbrella organization that oversees proper implementation of personnel law, translates it into administrative doctrine and delegates portions of the related functions to department or agency heads. Within the IC, there is no entity with a similar responsibility. While such a formal structure may not be needed, or even beneficial, the panel sees a clear need for enhanced coordination of HRM policies. [REDACTED]

While the panel favors greater coordination in personnel policy changes, it cautions that Congress not regard uniformity as an end, but that it instead seek a common set of personnel policy parameters or authorities under which all intelligence agencies would operate. All of the intelligence agencies except CIA are, in varying degrees, part of larger organizations with different cultures, authorizing committee jurisdictions and missions. This situation does not lend itself to a central structure. Clearly, the federal government is moving away from this concept, as OPM itself is now advocating decentralized approaches to personnel management. [REDACTED]

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25X1 Establishing a set of broad parameters or authorities, rather than a defined operating structure, provides each agency with the flexibilities recommended throughout this report. The agencies would have maximum discretion in implementing these policies according to their management needs, and they would be accountable through the congressional oversight process [redacted]

### III. Possible Options for Coordination

25X1 The panel considered the concept of a central personnel component for the Intelligence Community, but did not believe that concept to be consistent with its other recommendations. Instead, the panel presents three options for increased coordination of personnel policy changes. These range from fairly little change in the current process to a decision-making role for the DCI. In assessing each of the three options presented here, the panel looked at the extent to which it would ensure equitable treatment for employees with similar work or work environments, and provide congressional committees a base of information on the impact of major changes [redacted]

#### Option 1 Agency Comparative Analysis of Legislative Proposals for HRM Change

25X1 Each intelligence agency would analyze the impact its legislative proposals would have within its own organizations and, potentially, within the broader Community. These analyses would be submitted with the proposal through the executive branch clearance process to the House and Senate intelligence committees [redacted]

#### Pros: Agency Accountability for Comparative Analysis

Least threatening to the individual agencies in terms of potential interference or impaired independence.

Forces the submitting agency to examine Community-wide implications of proposed statutory personnel changes.

25X1 Gives the committees one agency's perspective on change implications [redacted]

#### Cons: Agency Accountability for Comparative Analysis

Does not assure coordination among the intelligence agencies before they submit legislative requests on personnel issues.

Does not eliminate the potential for "ratcheting," as decisions may still be made incrementally.

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Puts the onus on congressional staff, who may not be experts on personnel matters, to analyze and assess change proposals.

Assumes the intelligence agency proposing the legislative change has sufficient knowledge of the other agencies' personnel problems and systems to effectively assess its impact [redacted]

#### Option 2 Senior Coordinating Group

This would entail establishing a mechanism, similar to the Study Steering Group established to coordinate this study (hereafter referred to as Senior Coordinating Group, or SCG). The SCG would be composed of staff at least at the director of personnel level, and would report at a minimum of semi-annually to an NFIC-like committee chaired by the DCI and composed of the heads of CIA, NSA, DIA and the intelligence components of the military departments, the FBI and the State Department [redacted]

The SCG would be chaired by a DCI-designee from within the IC, and would meet regularly (perhaps bi-monthly). Its charter should define the HRM areas it would address on a recurring basis. The charter should definitely cover the issues addressed in this report. The SCG would time its reporting to the NFIC-like committee such that HRM proposals would be in sync with annual budget and legislation cycles. The SCG could be supported by a small secretariat in the ICS [redacted]

Each agency represented at the SCG would have the opportunity and would be required to state its views about another agency's statutory HRM proposal. These comments would then be assembled by the SCG's secretariat and would become part of the documentation the proposing agency submits to Congress. The SCG would be a coordinating mechanism and a forum for discussion, but the proposing agency would retain responsibility for the formal proposal to Congress. [redacted]

In addition to this process, SCG meetings would provide opportunities to share information about early stages of idea development or share successful practices in a given area, as have been identified throughout this report. One option would be to have each monthly or bi-monthly SCG meeting focus on a given topic (such as training, incentive awards, etc.), with a place on the agenda for raising other issues. [redacted]

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## Pros: Senior Coordinating Group

Gives congressional committees increased confidence that the proposed change has been assessed by the other intelligence agencies and that they have considered potential inequities or impacts.

Permits the proposing agency to hear different viewpoints, and gives it the chance to amend its proposal in a relatively low visibility environment.

Ensures that congressional committees receive various points of view without having to develop them themselves.

Leaves accountability for proposing change with the individual intelligence agencies.

Provides a specific Community-wide focus on human resource management, similar to the coordination on budget development. [REDACTED]

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## Cons: Senior Coordinating Group

Non decision-making committees are usually unable to resolve conflicting views, and can only report the different policy positions to top management and the congressional committees.

Committee processes inherently involve delays.

Congressional committees would remain the ultimate decision-makers on agency change proposals, which leaves them more in the loop than they may want to be. [REDACTED]

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## Option 3 DCI Expanded Leadership

This option would require an expansion of the DCI's personnel and compensation authorities. The scope of the DCI's review would be twofold: proposed legislative changes affecting personnel and compensation authorities; and major changes within existing authorities affecting employee benefits and compensation schedules. The DCI would have the authority to stop proposals deemed inappropriate and require corrective action where personnel authorities were used/to be used inappropriately. The DCI would be supported by a small staff element in the ICS which had professional HRM credentials. [REDACTED]

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**Pros: DCI Expanded Leadership**

Ensures that congressional committees receive only those statutory proposals or that information on major policy changes that the DCI determines merit committee consideration.

Assures that decisions on conflicting views will be made within the executive branch.

**Cons: DCI Expanded Leadership**

Places the DCI in a difficult role re other power centers -- the secretary of defense, the attorney general and the secretary of state.

Moves accountability for implementing policies within the "broad parameter" system from the individual agencies to the DCI.

Creates added tension within the IC, in that other agencies may believe the DCI should not have a role in deciding whether statutory requests go forward or in reviewing personnel policies agencies can legally implement under their own authorities.

**III. Panel Preference for Senior Coordinating Group**

In developing its recommendation, the panel sought to balance the concerns of the congressional intelligence committees with the organizational realities of the agencies which comprise the IC.

The panel believes it is not only understandable but commendable that the intelligence committees are willing to devote time and effort to understanding Intelligence Community HRM and looking toward the impact of future economic, social and demographic trends. Equally understandable is the committees' apparent frustration in having to focus on details within current policy implementation or change proposals. This is not an efficient use of congressional oversight time, as NAPA has highlighted in previous reports on effective congressional oversight.

At the same time, the panel recognizes that it has probably been very frustrating to the intelligence agencies to invest time in designing and refining HRM change proposals, only to have to wait what may seem inappropriate lengths of time for approval; all the while experiencing the adverse effects of outdated policies on mission effectiveness, efficiency and morale.

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25X1 The panel sees two points that need to be addressed -- the level of communication between the intelligence committees and the IC agencies, and the scope of changes the agencies may make without seeking congressional approval. Whatever coordinating approach is selected to deal with these issues, it must be one that clearly: places accountability for HRM implementation with the intelligence agencies themselves; appreciates the unique aspects of different intelligence agency missions; and draws the intelligence committees into these issues only in terms of the broad parameters of the HRM systems [redacted]

25X1 The panel recommends Option 2, establishing a Senior Coordinating Group, as the one which best achieves these objectives. Relying on such an inter-agency group would assure an integrated approach toward HRM change while leaving the responsibility for assessing the potential impacts of change where it belongs -- with the intelligence agencies. [redacted]

25X1 The intelligence agencies began to collaborate more on personnel issues with the inception of the NAPA study. While they were not necessarily unwilling to cooperate with one another prior to the study, there were no formal mechanisms or incentives to encourage this. The NAPA panel's experience with the extent of cooperation and the level of coordination of the Study Steering Group's comments on NAPA's work suggests that the agencies within the Community are able to work effectively on these issues. The Study Steering Group, composed of individuals designated by the Directors of Personnel, was established by the Community to facilitate NAPA's work [redacted]

25X1 A DCI decision-making role (Option 3) could certainly fill the same role, but the panel believes it would limit the agencies' independence. An enhanced role for an individual or position generally fosters tension within any organization or group of organizations. This need not necessarily be "bad" -- consider the concept of "creative tension" -- but Congress will need to consider whether the agencies' potential mistrust of an expanded role for the DCI will impede the coordination process or remove elements of agency independence that Congress may have deliberately created. [redacted]

25X1 As a practical matter, agency missions and workforces are sufficiently different that a single decision-maker would require a great deal of centralized expertise, likely to duplicate individual agency capabilities. Thus, the IC staff working to support the DCI would be larger than that anticipated in Option 2. Finally, the panel believes Option 3 would be viable only if the DCI and CIA head *positions of the* ~~director positions~~ were separated [redacted]

The panel recommends that the intelligence agencies work to keep the congressional committees apprised of major change proposals

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as they develop. The concept of "no surprises" is a basic tenet of effective management and good congressional relations, and would save a great deal of anguish. At the same time, the panel emphasizes that this communication should be at the broad, policy level. The panel sees no reason for congressional committees to become involved in most aspects of agency management. [REDACTED]

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Option 2, administered with common sense communication, will provide the committees with the information they need to make timely decisions, and the intelligence agencies with the flexibility to implement their current HRM systems and develop effective approaches for the future. It will also provide the framework for implementing the panel's recommendation for increased coordination in a number of specific areas. [REDACTED]

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## CHAPTER EIGHT

## MANAGING THE INTELLIGENCE WORKFORCE FOR THE 1990s AND BEYOND

25X1 The record clearly indicates that the intelligence agencies which have sufficient flexibility in their appointing and compensation personnel authorities to compete with the private sector were able to meet the challenge of large staff growth during the 1980s. This occurred at a time when most federal agencies, faced with continuing pay stagnation and negative remarks about "bureaucrats" from many political leaders, had difficulty competing in the employment market for talented people with highly sought technical skills [REDACTED]

25X1 While the panel's assessment is generally positive, there are areas in which improvements are needed in IC personnel systems to enable these agencies to perform their mission more effectively in the years ahead. [REDACTED]

## I. Flexibility and Strategic Planning

25X1 Because of the strategic trends in the intelligence function and the demographic, social and economic trends in U.S. society, neither Congress or the intelligence agencies can predict the exact nature of the future workforce or the skill mix the intelligence agencies will need to accomplish their missions most effectively. Flexible human resource management is crucial if the agencies are to meet the challenges of missions that will change as collection technology and threats to national security change. [REDACTED]

25X1 Given this uncertainty, the panel reinforces its belief that the intelligence agencies need the flexibility to adjust appointment authorities, pay rates and other HRM components. Combined with strong leadership from agency heads, this discretion will be the best predictor that the intelligence agencies can meet their future workforce needs. [REDACTED]

25X1 The panel fully supports the DCI's initiative to develop a strategic plan for the Intelligence Community, and anticipates this would become the basis for individual agency strategic planning. After its presentation and discussion with the new administration and, following that, congressional intelligence committees, it will provide the basis for improved human resource planning by each of the agencies. [REDACTED]

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25X1 In this regard, the panel firmly believes that intelligence agency strategic and workforce planning must be done in tandem. An organization's workforce planning program is a systematic approach to determining an agency's staffing requirements. It provides management with sound information on which to base projections. An effective workforce planning program is tied to the agency's budget process and overall program planning, and establishes the basis for realistic human resource management. Without the natural link of workforce and strategic planning, the intelligence agencies risk not having the best mix of personnel to meet mission needs. [REDACTED]

## II. From Flexibility to Enhanced Productivity

25X1 Whenever federal agencies discuss managing their personnel, especially when they address the need for equitable pay practices, efficiency and productivity issues arise, as well they should. The panel firmly believes that to discuss enhanced productivity only in terms of cost control would be misleading. The most productive workforce is one which achieves the highest level of mission accomplishment. [REDACTED]

25X1 If the panel's recommendations for increased authorities are implemented, the intelligence agencies will have the tools to manage their workforces toward more successful mission accomplishment. How they apply these tools will affect the efficiency with which the agencies operate, and there may be cost saving potential here. [REDACTED]

25X1 The panel believes that the intelligence agencies have an opportunity to achieve a more productive and, in the long run, perhaps more cost effective set of compensation practices. The panel believes it is fully appropriate for the agencies to be competitive with the private sector in hiring and retaining high quality staff. [REDACTED]

25X1 The panel's recommendations for greater IC agency authority and flexibility for compensation will provide an opportunity to relate pay more closely to the market and better link pay to performance. Also, the panel is convinced that, through the recommended Senior Coordinating Group (SCG), the agencies will be able to compare compensation rates and practices and devise more cost effective approaches in some areas. [REDACTED]

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### III. Support for Appropriate Rates of Pay

25X1 With the purchasing power of General Schedule pay having declined 23.6 percent since 1969 and given the compression within the Senior Executive pay level, it is no wonder that compensation issues receive the level of attention that they do [redacted]

25X1 The panel offers its strong support for recommendations contained in reports such as those of the President's Commission on Compensation of Career Federal Executives, the National Commission on the Public Service, and the Quadrennial Commission on Executive, Legislative and Judicial Pay. [redacted]

### IV. With Flexibility Comes Accountability

25X1 Within healthy organizations, there are defined responsibilities and clear lines to report on results of work. This, in essence, is a working definition of accountability. Within the federal public sector, there is an added component, in that agencies and departments report not only to the president through the heads of their organizations but to Congress, through the congressional oversight process. [redacted]

25X1 Clearly, within the Intelligence Community, there are variations on the federal oversight process. While the classified nature of reporting to oversight committees may limit media reporting and thus general public knowledge, there is a great deal of policy interest in the agencies' work. This is in part reflected in the fact that IC agency officials tend to provide congressional testimony more often than many of their counterparts in other executive branch agencies. [redacted]

25X1 The panel believes that congressional oversight needs to be strong, and that the staff who perform much of it on behalf of members of Congress need to be well versed in the results of agency activities. To a certain extent, they need to address issues of process or administrative practice. Ideally, however, these subjects would be addressed more by senior agency management, freeing the Congress for more substantive review of agency activities and mission accomplishment. [redacted]

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25X1 The panel believes that the flexible personnel authorities it recommends can be effectively monitored through a combination of congressional and agency oversight. This should take the form of better communication among the agencies, better coordination between the agencies and the Intelligence Community Staff, and consistent agency reporting on human resources to the congressional intelligence committees. The key to all good oversight is "no surprises" -- more professionally expressed as better communication. [ ]

In its October 1988 report on **Congressional Oversight of Regulatory Agencies: The Need to Strike a Balance and Focus on Performance**, the National Academy of Public Administration panel offered several relevant recommendations. Among them are:

Congress and the executive should seek to develop a balance in their oversight relationships that avoids excessive antagonism, at the one extreme, or capture at the other.

Congress needs to concentrate on a systematic, long-term analysis of laws and programs. Ad hoc oversight should be integrated with this work.

At the beginning of each Congress, committee and subcommittee chairs and ranking minority members from both chambers should meet with the agency heads ... to exchange views about those areas of agency activity that should be the focus of specific oversight efforts.

Committees ... should establish more executive-legislative staff exchange programs and recruit individuals with executive-branch experience for staff positions.

25X1 Congress should ensure that agencies engage in more thorough, systematic, and comprehensive evaluations of the programs they administer. [ ]

25X1 With these thoughts in mind, the panel concludes its report on the intelligence agencies' personnel systems. The Congress and the IC agencies have laid a sound foundation for effective human resource management. The panel believes it has offered recommendations which, if effectively implemented, will enhance the agencies' abilities to meet the challenges of the future. [ ]

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The panel encourages the individual agencies and Congress to continue their efforts to anticipate workforce changes and develop human resource management systems to help address these issues. With an on-going partnership, the panel is confident that the agencies and Congress can work together to assure that the intelligence workforce will be able to fulfill the missions required of it throughout the 1990s and beyond.



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